Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

The National Committee for Anti-Money Laundering and Counter-Financing of Terrorism

No.11/NCC
Vientiane Capital, dated 29 May 2025

Decision
on
Customer Due Diligence Measures for Reporting Entities (Amendment Version)

- Pursuant to the Law on Anti-Money Laundering and Financing of Terrorism No. 64/NA, dated 1 July 2024;
- Pursuant to the Prime Ministerial Decree on Actions of the National Committee for Anti-Money Laundering and Counter-Financing of Terrorism, No. 290/PM, dated 28 May 2025;
- Pursuant to the Request from the Anti-Money Laundering Intelligence Office, No. 1297/AMLIO, dated 19 May 2025.

The Chairman of the National Committee for Anti-Money Laundering and Counter-Financing of Terrorism Issues This Agreement:

Section 1
General Provisions

Article 1 (Amended) Objectives

The objectives of this Decision are to define the general principles, procedures and measures regarding risk-based approach, know your customers, customer due diligence and internal controls of the reporting entities to strictly implement the work of Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) at the reporting entities level to be efficient and effective. Aiming to make stronger economic and financial system, and society peaceful and orderly.

Article 2 (New) customer due diligence measure

Customers Due Diligence measure is the collection of information and documents to be able to verify and identify customers during and after service or creating a business relationship that reporting entities must implement including records or copies of documents that are complete, accurate and current as required by this agreement. Including conducting risk-based approaches, internal controls, etc.

Article 3 (Amended) Definition

Terms used in this Decision have meanings as follows:

1. **Customer shall mean** natural persons, legal persons or organizations including legal arrangement that use the services of the reporting entities;
2. **Identification means:** Identify the information of customers, beneficiary, beneficial owner and any authorized individual representative acting on behalf of the customer, such as: name and surname, age, occupation, date of birth, place of birth, address, current data on contacts and other necessary information;
3. **Verification of identity means:** Verify the customers, including beneficial owner and any authorized individual representative by asking customers to provide information and documents or evidence legally to prove the identification of the customer is correct and up to date before giving the service or creating business relationships each time as specified in Article 13 of this agreement;
4. **Transactions refers to** all activities that involve financial transactions for its customers, such as buying, selling or paying for services, deposits, withdrawals, payment orders or transfers related to banking services, microfinance institutions, insurance, securities, precious metals, virtual assets, including providing customer services, such as postal enterprises, accounting enterprises, auditing enterprises, law enterprises, lawyers, pawn shop, leasing companies, money or value transfer services providers, trust and companies services providers, real estate agents, casinos;
5. **Credible information documents or source means:** The verification of documents, information or sources of data are identified as reliable and independent such as the original ID or residence document, certified from a notary, and the documents or information that natural persons, legal persons and organizations may access or publicly which is information that the government agencies has created to help in research, verifying, identify or obtaining particular information. A copy of customer identifications is required by the date, name, signature and commendation of authorized officials each time.
6. **Legal Arrangement refers to** any trust and legal arrangement that have legal Decision between natural persons, legal persons or organizations to manage assets or where one party has the right control, possess, use, benefit, buy-sell or manage a fund or asset through any lawful manner for the benefit to natural persons, legal persons or organization in the other party or the beneficial ownership or in another form of similar appearance;

7. **Trust Service Provider or Trustee means:** who has the right to manage a fund, securities, assets, bank accounts, security accounts and to hold the share of third party by trust and companies service providers, legal enterprises, accounting and auditing enterprises and business unit with an approval to operate business as Trustee;
8. **Legal Person means:** Enterprises defined in the Law on Enterprise, as well as, cooperatives, domestic and foreign associations and foundations legally established;
9. **Beneficiary means:** Natural persons, legal persons or organizations that received benefits from its transactions and business relationships as defined in a contract or document;
10. **Beneficial Ownership refers to** the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person or legal arrangement. Beneficial owners of a legal entity include those who directly or indirectly benefit from it, are partners or shareholders, or have voting rights of twenty percent (20%) or above;
11. **Politically exposed persons refer to** foreign politically exposed persons, state officials, and officials of international organizations;
12. **Foreign politically exposed person includes** natural persons who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials, Including family members or persons in close relationship with such person;
13. **Government officials include** public servants, military officers, police officers who hold or have held important positions and roles in the Lao PDR, members of the board of directors, state-owned enterprises, including individuals who have been assigned or have been assigned to hold high-level positions, such as high-level or senior government officials, high-level judicial officials, and high-level executives of state-owned enterprises, Including family members or persons in close relationship with such person;
14. **International Organization Officials includes** members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions.
15. **Family members of Politically exposed persons shall mean** natural persons who are related to a Politically Exposed Person (PEP) as following: parent, sibling, spouse, child, or spouse's parent;
16. **Close associate with PEPs shall mean** 1) Financially dependent individuals such as drivers, personal security officers, security guards, secretaries of PEPs, 2) Business partners of PEPs, 3) prominent members of the same organization as the PEP, 4) a person who works closely with PEPs and 5) close friends.
17. **Numbered account means:** An account opened by a customer in a commercial bank or financial institution but does not reveal the name of the account holder or the account owner and uses a numerical or alphabetical code instead, so that the account holder or account owner is not revealed so that deposits-withdrawals or other transactions can be made as normal;
18. **Anonymous account shall mean** an account in which its information differs or cannot verify the account owner's details such as name, surname, date of birth, address, age and occupation;
19. **Funds shall mean** money or properties in all forms corporeal or incorporeal, tangible or

intangible, movable or immovable properties, all financial documents or bearer negotiable instruments of all forms either in electronic or digital format, certificates of ownership in that assets include financial assets, bank assets, traveler's checks, bank checks, money orders, stocks, securities, bonds and certificates of receipt of bank interest, dividends, and natural resources;

20. **Independent Internal Inspection means:** Specific internal inspection of AML/CFT work implementation including the direct report to Managing director and Board of directors;
21. **Financial institutions shall mean** legal persons and natural persons responsible for implementing anti-money laundering and counter-terrorist financing, including commercial banks, microfinance institutions, pawn shop, leasing companies, money or value transfer services provider and agents, insurance companies and securities companies;
22. **Designated non-financial business and profession refers to** legal persons and natural persons responsible for implementing anti-money laundering and counter-terrorist financing, including trust and companies services providers, virtual asset service providers, real estate agents, buying and selling of precious metal business, accounting firms, auditing firms, casinos, legal enterprises and lawyers;
23. **Reasonable measures mean:** The reasonable measures in lined with ML/TF risks

Article 4 General Principles

Reporting entities must implement all measures stipulated in this Decision has to follow the principles:

1. Ensure the verifications, identification and collection information that collected related and timely manner of to the actual customers;
2. Ensure the implement of measures in this Decision without tipping-offs customers and confidentiality of related staffs in reporting entities;
3. Ensure consistency in the implementation of this Decision and the internal regulations of reporting entities.

Article 5 Scope

This Decision is to use for reporting entities throughout the country.

Section 2
Risk-Based Approach

Article 6 (Amended) Risk-Based Operation

Reporting entities must be conducting the principles of Risk-Based Approach by identifying, evaluating, monitoring and mitigating money laundering and terrorist financing risks arising from a variety of factors, including customers, existing and new products and services, service delivery channels, new methods and technologies for providing services or conducting business, as well as regions or countries. Before providing services, conducting transactions and establishing business relationships with its existing and new customers, it must periodically review and update its internal policies, principles, procedures or regulations.

In the risk assessment the reporting entities must pay attention to the following issues:

1. Outcomes of National Risk Assessment (NRA) and Risk-Based Approach (RBA);
2. Consideration of the main factors prior to identify the risk levels as well as assign the form of mitigating risks;
3. Risk review and improvement must be up to date;
4. Document Risk assessment and submitted to Anti-Money Laundering Intelligence Office (AMLIO) periodically after competed.

The reporting entities must create its manual on risk-based approach that covers content such as implementation procedures, monitoring and strengthening controls where necessary, as well as the use of additional measures to manage and mitigate risks in high-risk cases. The manual must be approved by management to facilitate the management and mitigation of the identified risks.

Article 7 Risk Indicators for Low-Risk Customers

The reporting entities must conduct the risk assessment as defined in paragraph 1 and 2 of Article 6 of this Decision by considering the low risks factors on money laundering and financing terrorism as follows:

1. Risk indicators from customer that shall be considered at least following:
   - Customers who is natural person conduct transactions or business relationship on behalf of organization or state enterprise as defined in clause 1 of article 16 in this Decision as clearly;
   - Customer who is organizations or state enterprises as defined in clause 1 of article 16 in this Decision as clearly;
   - Customer who is legal person which are public company, registered in the stock market and has sufficient level of transparency;
   - Low-income customers with the exception of income tax deduction;
   - Other indicators determined by reporting entities itself and AMLIO.

2. Risk indicators on products, conducting transactions or service channel or new service technology must consider at least the following:
   - The project on pension, retirement or fund of retirement or similar project for benefits of retirement of employees by cut the part of salary's staffs, wages and not allow members to transfer benefits to another person;
   - Products or financial services are appropriate service and within the limits specific types of customers can access those services;
   - Other indicators determined by reporting entities itself and AMLIO.

3. Risk indicators from geographic areas or countries must consider at least the following:
   - Geographic areas or countries has been trusted with effective AML/CFT implementation

assessment proven by trustworthy international organizations;

- Geographic areas or countries that have been assessed by trustworthy international organizations showing low level of corruption or other crime.

Despite having customer with low risk, the reporting entities must inspect and monitor the customer's transaction continuously.

Article 8 (Amended) Risk indicators for High-Risk Customers

The reporting entities must implement the risk assessment as specified in paragraph 1 and 2 of Article 6 of this Decision by considering the high-risk indicators of money laundering and financing of terrorism as follows:

1. Risk indicators that caused by the customers, which consider at least as following:

1.1. In case of the identification of the customer or the beneficial owner indicates that the customers or the beneficial owner has any features as follows:

- The customer has a complex or unusual shareholder structure compared to standard business practices;
- The customer is a political exposed person (PEP);
- The customer engages in a high-risk business or profession;
- The customer's business or transaction activities are primarily cash-based and inconsistent with the nature of business or profession;
- The customer is not a Lao national or not resident in the Lao PDR;
- The customer who is a legal arrangement;
- A person who has previously been subject of a suspicious transaction report (STR) to the AMLIO;
- A person who has previously been requested for information by AMLIO and investigators;
- The customer is considered as a high-risk based on available information;
- Other indicators determined by reporting entities itself and AMLIO.

1.2 In the event of the verification result was found that the transactions or business relationships of customer has conducted in an unusual manner.

2. Risk indicators on products, existing and new service feature, service channel, method and new technology must consider at least the following:

2.1 Establishing the business relationships or transactions with legal person who has no enterprise registration or business license, or has illegal documents;

2.2. Establishing the business relationships or transactions that are not revealed real name;

2.3 Establishing the relationships business or transactions with non-face to face operation;

2.4. Receiving money transfers from unknown persons or unrelated third parties;

2.5. Providing high-risk products according to the results of the national risk assessment related to its sector;

2.6. Other indicators determined by reporting entities itself and AMLIO.

3. Risks indicators driven from high-risk geographic areas or countries, such as:

3.1 Countries identified by credible sources of information, such as mutual evaluation report or detailed assessment reports or published follow-up reports, as not having adequate AML/CFT systems;

3.2 Countries subject to sanctions, boycott or similar measures issued by international organization, for instance, the United Nations;

3.3 Countries identified by credible sources as having significant levels of corruption or other criminal activities;

3.4 Countries or geographic areas identified by credible sources of information as providing funding or supporting terrorist activities, or that have designated terrorist organizations operating within their country.

The reporting entities must utilize risk indicators as defined in paragraph one of this article and other related information to consider the risk of customer strictly, and in the case of the assessment result is in line with the first paragraph of this article. Reporting entities must define a customer as a high-risk customer and must take an enhanced customer due diligence measure as defined in Article 21 of this agreement.

Article 9: Risk Management Operations

Reporting entities must conduct risk management of customers according to the level of risk by considering the intensity of the implementation of customer due diligence measures of the bank as well as appropriate measures in accordance with the risk of money laundering and terrorist financing.

If it is found that the customer is at high risk, the reporting unit must apply enhanced due diligence measures, by increasing the frequency of monitoring business relationships including transaction activities to find potential unusual transactions as specified in Article 21 of this agreement.

If the customer is considered to be at low risk, then the reporting entity must take simplified measures, such measures should not be taken while the customer is considered to be at risk of money laundering and financing of terrorism or has characteristics and behaviors that may be high risk customers as set out in Article 20 of this agreement.

The reporting entity must have appropriate measures in place to mitigate the risk of money laundering and terrorist financing prior to providing services, conducting transactions and establishing business relationships with its customers, both existing and new, and monitoring customer status periodically.

Section 3
Internal Control Operations of the Reporting Entities

Article 10 (Amended): Internal Control

The reporting entities must implement its internal control against ML/TF by defining policies, procedure, internal audit and management independently and external audit (depends on availability) as specified in Article 17 of the Law on AML/CFT and ensure consistency of ML/TF risk and size of business.

The establishment of internal control or regulations as stipulated in the first paragraph of this Article must include branch and subsidiary, both domestically and internationally, to comply with the obligations of reporting entities as specified in Article 16 of Law on AML/CFT;

The reporting entities must appoint compliance office (CO) for collecting and reporting information in accordance with the second paragraph of Article 17 of the Law on AML/CFT, and must be trained and obtain the certificate by passing a specific examination on such duties at least once a year.

Article 11 (Amended) Branches and Subsidiaries Management

In the case of branches and subsidiaries of reporting entities operating in both domestic and abroad, they shall comply with the laws and regulations on AML/CFT of the said country and must implement its head office's internal policies.

In cases where the laws of the country where the branches and subsidiaries are located are less stringent or do not allow the application of such laws, the reporting entities must apply appropriate measures to manage the risks and inform its management.

Article 12 (Amended) Information sharing among the branches and subsidiaries

Reporting entities enable to exchange and share information based on the adequacy, safety, confidentiality and tipping-off such as the suspicious transaction of ML/TF, financial transaction with excessive value, bank statement, electronic money transfer, correspondent bank, use of third party representative, risk level and customer due diligence measure.

Chapter 4
Customer Due Diligence Measure

Article 13 (Amended) Measures on Customer Due Diligence

Reporting entities must put in place its customers due diligence measure for the collection of information and documents or evidence or power of attorney, which verifies the identity of the customers, beneficial owners, and authorized individual representative and legal arrangement customer of the reporting entities while providing service or establishing business relationships as defined in Article 14 to Article 17 of this Decision for the purpose of proving sufficiency of such information and documents or evidences of customer identification and customer transactions

including knowing the purpose and the customer's business relationships, correctly and up to date as specified in Article 18 of this Decision and based on the level of customer risk as specified Article 9 of this Decision.

Article 14 (Amended) Customer Due Diligence Measures for Natural Persons

Customer due diligence measures for natural persons, the reporting entities must at least collect information and documents or evidence legally of the individual as specified in clause 1 and clause 2 of this Article.

1. **For natural persons who are Lao:**

- Name and surname;
- Date of birth;
- Age and occupation;
- ID Card or Passport or valid date family book;
- Address as the house registration or family book and current address;
- Name and location of workplace;
- Contact information such as: contact number or residential address and email address;
- Fingerprint or handwriting along with signature;
- Letters or documents along with handwriting or signature by authorized person or authorized natural person representative to operate or create business relationship;
- Other necessary information or as specified by AMLIO.

2. **For natural persons who are holding foreign citizenship or alien:**

- Name and surname;
- Date of birth;
- Nationality, age and occupation;
- Non expiry date of passport issued by the government of the country of nationality;
- Alien residence certificate (in case of alien is a long-term residence in the Lao PDR);
- Address as the house registration or family book and current address both in the home country and in the Lao PDR;
- Name and location of workplace both in the home country and in the Lao PDR;
- Contact information such as: contact number or residential address and email address;
- Fingerprint or handwriting along with signature;
- Letters or documents along with handwriting or signature by authorized person or authorized individual representative to operate business relationship;
- Other necessary information or as specified by the AMLIO.

Article 15 (Amended) Customer Due Diligence Measures for Sole Enterprise and Legal Person

In case of sole enterprise and legal person, the reporting entities must at least collect information and documents or evidence legally as following:

- Name of the legal person or sole enterprise and type of business;

- Name and surname of the owner of the sole enterprise;
- Date of birth (in case of a sole enterprise);
- Nationality, age and occupation (in case of a sole enterprise);
- Office address;
- Contact information, such as: contact number, fax and official email address;
- Enterprise registration number and enterprise registration document that is not yet expired;
- Business operation license number and the business operation license that is not yet expired;
- A letter or documents that regulate and bind the legal person or legal arrangement, as well as the names of the relevant persons having a senior management position in the legal person and legal arrangement;
- Business address consistence as appear in the business registration and main business address certified in business operation license;
- Tax registration number and recent year of tax payment receipt;
- A letter or document with the handwriting or signature as well as the name and seal of the person granting the power of attorney and the person assigned to conduct transactions or establish business relationships on their behalf;
- The authorized representative to conduct transactions or establish business relationships on behalf of the legal person must follow the article 14 of this agreement;
- Other necessary information or specified additionally by the AMLIO.

Article 16 Customer Due Diligence Measure for Organizations and Non-Profit Organizations

In case of an organization or a non-profit organization (NPO), the reporting entities must at least collect information and documents or evidence legally of the organization or NPO as specified in clause 1 and 2 of this Article.

1. **For organizations:**
   - Organization's name;
   - Location;
   - Contact information, such as: contact number, fax and official email address;
   - Organizational registration certificate;
   - A letter or document regarding the objective of conduct transactions or creating business relationships each time;
   - A letter appointing or granting authority in conduct transactions each time from the organization;
   - A letter or document with handwriting or a signature along with name and company seal of both the grantor and receiver of authority to make transactions or create business relationships on the organization's behalf each time;
   - Other necessary information or specified additionally by the AMLIO.
2. **For NPOs:**

- NPO's name;
- Office Location;
- Contact information, such as: contact number, fax and official email address;
- NPO registration certificate;
- A letter or document regarding the objective of conducting transactions or creating business relationships each time and copies of each document;
- A copy of document registration and business license certificate of operation, or activities from a relevant agency of government;
- A letter or document with handwriting or a signature along with name and company seal of both the grantor and receiver of authority to make transactions or create business relationships on the NPO's behalf;
- The authorized person to make transactions or create business relationships on behalf of the NPO must follow article 14 of this Decision;
- Other necessary information or specified additionally by the AMLIO.

Article 17 Customer Due Diligence Measure for Legal Arrangement

In case of the legal arrangement, the reporting entities should collect information and document or evidence as following:

- For natural person must be complied with Article 14 of this agreement;
- For legal person must be complied with Article 15 of this agreement;

In addition to the collecting the information as specified in Article 14 or 15. the reporting entities must also collect the information and document related with a legal arrangement and other necessary information as specified by the AMLIO.

Article 18 (Amended) Customer Due Diligence Measures Procedure

Reporting entities must perform the customer due diligence measure as specified in the paragraph two of this article by referring to the assessment of RBA as specified in article 6 of this Decision in order to acknowledge or verify the customer applied the information and documents or evidence legally, including the beneficial owner of the transaction or the business relationships that the customer is establishing or carrying out are unrelated, unconnected, unlinked to money laundering or financing of terrorism or other predicate offence.

Reporting entities must perform a measure for customer due diligence for their existing customers, including occasional customers and natural persons, legal person or legal arrangement, including the beneficial owner as follows:

1. Identify the customers and verify information and documents or evidence that customer uses to verify themselves from reliable sources;

2. Perform the appropriate measures to identify and take reasonable measures to verify the beneficial owner of the customer using the relevant data or information obtained from

reliable source in order to make reporting entities to fully acknowledged and satisfied who is the actual beneficial owner of the customer;

3. Perform the necessary measures in order to request appropriate information on the objectives and nature of the business relationship;

4. Scrutinizing transactions being conducted are consistent with the customer's profile, their business and risk profile, including the source of funds; when necessary

5. Ensuring that documents, information collected under the customer due diligence process is up-to-date and relevant, by undertaking reviews of existing records, particularly for higher risk categories of customers.

Moreover, the reporting entities must implement Clauses 1 until 5 of paragraph 2 of this article of this agreement, reporting entities must verify information of the customer, beneficial owner and authorized natural person representative with information related to lists of natural person, legal persons or organizations as follows:

1. Natural person, legal persons or organizations who are specified on lists of natural person, legal persons or organizations in resolutions of the Security Council of the United Nations regarding terrorism or financing of terrorism;

2. Natural person, legal persons or organizations who are specified on domestic lists of the Lao PDR regarding the terrorist financing or financing of terrorism.

Customer due diligence measures must be carries out without exception when there is a suspicion of money laundering or the financing of terrorism.

Article 19 (Amended) Customer Due Diligence measures when providing services or establishing a business relationship with customers

Financial institution must conduct customer due diligence when on boarding business relationship with customer or establishing business relationship based on each circumstance as stipulated in the first paragraph of the article 20 of AML/CFT Law, as well as apply customer due diligence under the case as follows:

1. When initiating business relationship with its customer;

2. Customers who conduct occasional transactions, a single transaction, or multiple transactions that appear to be linked, with a total value equal to 300 million Kip (LAK 300,000,000) or above;

3. The conduct of occasional fund transfers, a single transfer, or multiple transfers that appear to be linked, with a total value equal to 300 million Kip (LAK 300,000,000) or above;

4. There is information or suspicion that conducting a transaction or establishing business relations of the customer is a money laundering or financing of terrorism activity;

5. There is suspicion concerning the accuracy or adequacy of the customer identification information as previously obtained;

6. In cases where it is found that the application of customer due diligence measures obtained previously was inadequate.

DNFBP, in addition to complying with clause 1, 3, 4, 5, and 6 as above-mentioned, DNFBP must also implement customer due diligence measures as follows:

1. Casinos that provide services to customers on occasional transactions, single transactions, or multiple transactions with a total value exceeding threshold, equal to or above 60 million Kip (LAK 60,000,000) per day;

2. Buying-selling of real estate agent that provides services to customer each time;

3. Dealers in precious metals involved that provide services for buying and selling precious metal in cash transactions with a total value exceeding, equal to 300 million Kip (LAK 300,000,000) or above;

4. Law enterprise, lawyers, auditing firm, accounting firm, and other reporting entities that prepare or carry out services on customer's behalf in a form of buying and selling in real estate activity; financial management; management of securities or clients' assets; management of bank accounts, savings accounts, or securities accounts; act as consultants in establishing business, managing, and operating any company, including legal operations, and act as intermediaries in any business purchase or sale;

5. Trust and companies service provider, and other forms of trust companies when they prepare for or carry out transactions for a client concerning the following activities: acting as a formation agent of legal persons; acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons; providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement; acting as (or arranging for another person to act as) a trustee of an express trust or performing the equivalent function for another form of legal arrangement; acting as (or arranging for another person to act as) a nominee shareholder for another person.

Article 20 Simplified Customer Due Diligence Measures

Following the risk assessment conducted by reporting entities as stipulated in Article 6 of this Agreement, if it is found that a customer is a low risk in relation to money laundering or terrorist financing, the reporting entity may consider applying simplified due diligence measures, which at least should include the following:

1. Verification of customer identity and beneficial owner after establishing the business relationship as soon as possible.

2. Alternative identification documents and a certificate of residence may be accepted for customers who are unable to present a national ID card or passport, except in cases where there is suspicion of money laundering or terrorist financing.
3. Reduce the frequency of updating identity verification information to maintain its accuracy and up to date.
4. Reduce the intensity of ongoing monitoring of transactions, based on the customer's transaction threshold.
5. If the purpose, nature, and type of the business relationship and transactions are comprehensible, additional information collection or enhanced measures may not require.

Reporting entities are enabled to verify the delayed verification under simplified measures to customers who have low risk and they must employ the procedures of risk classification by considering optimal conditions that customers might utilize from establishing the business relationship before identifying the risk level. This process may include restricting financial transactions such as deposits and withdrawals, and setting threshold limits on all transactions within a specified period. Once the verification has been completed, the level of scrutiny on such customers should be reduced accordingly.

When the risk assessment identifies a low risk that aligns with the above-mentioned risk mitigation measures, the reporting entity shall apply simplified measures.

In cases where a customer assessed as low-risk is found to be conducting transactions or activities of a certain nature, or is involved or associated with money laundering or terrorist financing, the reporting entity must reclassify the customer as high-risk and immediately apply enhanced due diligence measures immediately. Furthermore, a suspicious transaction report (STR) must be submitted to the AMLIO.

Article 21 Enhanced Customer Due Diligence Measure

When the reporting entities has finished RBA as specified in article 6 of this Decision and define the customer as a high-risk customer in money laundering or financing of terrorism, the reporting entities must take enhanced due diligence measure for customer as least following:

1. Determine more procedure or request more information from the customers such as the information or evidence in operation or activities of business, sources of capital (wealth) or income (funds) and information about the purpose of conducting transactions or business relationship. To determine this procedure, should consider the business relationship with the reporting entities that reliable in anti- money laundering and financing of terrorism as a reason to request more information;

2. Obtain the senior manager approval prior to conducting transactions or establish a business relationship with high-risk customers and approve the procedure to verify the information through the customer due diligence in case of customers have high risk, which may cause reporting entities to be exploit and source of money laundering or financing of terrorism. If the customer fails to meet the CDD requirement. Reporting entities must deny or cease the

relationships in transactions or business relationships with the customers and submit STR to the AMLIO;

3. Undertake ongoing enhance CDD including transaction monitoring by ensuring procedures detect the financial movement of high- risk customers as strictly by considering increasing frequency, step or track the business relationship and transactions, and also more frequently checking the identity and those beneficial owners of customer and reporting entities must conduct this procedure as regularly.

In the event of consideration that customers have high risk previously with clean transactions or transparency activities which align with the customer identification and not suspicious to related to the money laundering and financing of terrorism, the reporting entities must consider to revise the risk level of such customer to be consistent with the actual circumstance in each period.

Article 22 (Amended) Customer Due Diligence Measure for authorized natural person representative act on behalf of the customer

The reporting entities must take a measure of the customer due diligence as specified in article 18 of this Decision to authorized natural person representative to conduct transaction on behalf, including legal persons or customers who are undergoing legal arrangement to identify and verify that the person is so authorized by the customer, and identifying and verifying the authorized natural person as well.

Article 23 (Amended) Customer Due Diligence Measure for Politically Exposed Persons

In the case of the customers of reporting entities are politically exposed persons, in addition to the compliance with the second paragraph of article 22 of AML/CFT Law, reporting entities also must conduct with the following:

1. To identify the customer as a high-risk customer including take the enhanced CDD measures, and using appropriated measures for seeking the source of funds and income the customer. As well as to obtained approval by the director or senior management prior to establishing of the business relations;

2. To identify and classify type of politically exposed persons as defined in clause 11, 12, 13, 14, 15 and 16 of article 3 of this agreement;

3. To consider submitting STR to AMLIO immediately;

4. To undertake the on-going monitoring measure as defined in article 35 of this Decision to such customer.

Article 24 Customer Due Diligence Measure for Legal Person and Legal Arrangement

In addition to CDD measure as specified in article 18 of this Decision, reporting entities must also perform the necessary measures to legal person customer or legal arrangement, as follows:

1. To identify the nature of the customer's business, its ownership, person holding internal control of business structure;

2. To identify the customer and verify its identity through the following information:

2.1 Name, legal form and proof of existence;

2.2 List of documents showing persons having power and control and other legal binding documents, including name of related person holding senior management level of such legal person, or legal arrangement;

2.3 The address of the registered office and actual location of business.

Article 25 (Amended) Customer Due Diligence Measure for Beneficial Ownership of Legal Person

Reporting entities must identify and take reasonable measures to verify the identity of beneficial owners of customers that are legal persons through the following information:

1. To verify the information of the person who has ultimate beneficial control or who is the beneficiary of twenty percent (20%) or more of the legal entity;

2. To the extent that there is doubt or there is information on clause 1. Reporting entities must use alternative method or mechanism to obtain information;

3. Where no natural person is identified under 1 and 2 as above, reporting entities must identify the relevant natural person who holds the position of senior management or qualified person that related to legal person.

Article 26 (Amended) Customer Due Diligence Measure for Beneficial Ownership of Legal Arrangement.

In case, there is permission to operate the business activity as stimulated in clauses 6 and 7 of article 3 of this Agreement, the reporting entities must perform the CDD measures to legal person and legal arrangement as stimulated in article 24 of this Decision and also required to identify and perform the appropriated measures to verify those related person of legal arrangement as follow:

1. For Trust Service Provider Company or Trustee who manage asset in domestic (domestic trust) and international **(**foreign trust). the reporting entities must require customer to verify their identity by providing information and documents regarding: Settlor, Trustee (s), Protector (if any), Beneficiaries, those with controlling power or beneficial owners, company-related information and other information deemed necessary.

2. For customers who is legal arrangement in other forms, reporting entities must require the customer to verify their identity by providing documents that similar to those stipulated in clause 1 of this article.

In case of the trust service provider or trustee both domestic trust or international trust and non-professional trustee that is a client of a reporting entities must disclose its business model or status of its business operation to the reporting entity when establishing a business relationship or conducting transactions exceeding the specified threshold. In case of failure to comply or disclose its business model or status of its business operation it will then result in penalties as set forth in this agreement.

trust service provider or trustee in domestic and foreign trust must keep the information as stimulated in paragraph 1 of this article relating to basic information on other regulated agents or trust, including investment advisors or managers, accountants, and tax advisors sufficiently, accurately and up to date. All trust service provider or trustees must provide all related information including assets under management of company to associated competent authorities or financial institutions and DNFBPs when establishing business relationship, upon request; including must make a record keeping as stimulated in article 34 of this Decision and keep the records for at least 10 years after determination of their business operation.

Article 27 (Amended) Customer Due Diligence Measure for the Ultimate Beneficiaries of Life Insurance Contracts

In case of the reporting entities establishing the business relationship o r transactions concerning life insurance contract beside of undertaking the CDD measure as specified in article 18 of this agreement, the reporting entities also must perform the following**:**

1. Identify the names of natural person, legal person, organizations and legal arrangement who are beneficiaries of the life insurance contract or, in the case of more than one beneficiary, a clear and up-to-date list of such names must be kept and up to date;
2. Identify relationship of the beneficiary with sufficient information at the time of payment as specified in the life insurance contract as follows:
   - In cases of defined by special characteristics or status at the time of entering into a life insurance contract, such as husband, wife, children, grandchildren, direct or indirect relatives;
   - In cases where other characteristics are specified when making a life insurance contract, such as a will or any other unclear conditions.

The insurance company must provide the complete information related to beneficial owner based on the life insurance contract including characteristics, or by class or by other means to financial institution in order to build confidence at the time of making payment.

Apart from paragraph 1 of this article, the reporting entities must verify and identify the life insurance contract beneficiary in as following:

1. To define the beneficiary of a life insurance policy as a relevant main factor in

applying enhanced CDD measures. In case beneficiary of the life insurance contracts as stipulated in paragraph 1 of this article shall be a legal arrangement or person who has higher risk of money laundering or financing terrorism, the reporting entities must take enhanced CDD, which should include appropriate measures to identify and verify the beneficial owner of the beneficiary according to the contract when required the payment or other benefits as specified in the contract of life insurance;

2. Undertake appropriate measures to determine beneficiaries according to the contract, the beneficial owner whether are PEPs. This should occur must be completed prior to the time of the payout. In case the beneficiary from life insurance contracts is a PEP, the reporting entities must verify the information regarding the relationship between life insurance contract owner with beneficiary from such contracts that is PEPs and to conduct enhanced scrutiny on the business relationship, as well as to inform the senior management and obtain approval before making the payment of life insurance contracts;
3. In case there is suspicious when conducting as indicated in clause 1 and 2 of this paragraph, the reporting entities must consider and submit STR to AMLIO.

In case that reporting entities are unable to implement as identified in paragraph 1 and 2 of this article, the reporting entities must deny establishing the relationship, refuse to conduct a transaction or end the business relationship with customer and consider making STR and submit to AMLIO.

The reporting entities must consider to define the customer as a low-risk of ML/FT when the customer conduct a transaction as below:

1. The life insurance with low premiums such as premiums annually is lower or equivalent 300,000,000 Kip (LAK 300,000,000) or pay premiums at one-time payment that lower or equivalent 400,000,000 Kip (LAK 400,000,000);

2. The insurance for pension or retirement project that did not withdraw prematurely and contract insurance that cannot be used as collateral guarantee;

3. The life insurance contract that customer or beneficiary based on insurance contract have the right to get payment or other benefits as insurance contracts upon the death, disability or paralysis permanently only on which the life insurance contract is not in a form of money accumulation, dividends or interest along with life insurance;

4. To define other conditions based on criteria of low-risk customer as specified in article 7 of this agreement.

Article 28 (Amended) Customer Due Diligence Measure for Occasional Transaction

In the event of the reporting entities had the business relationship or transactions with customer that reporting entities itself never or not yet to apply CDD measure to such customer both on occasional or many time that has continuous manner, when combined an amount and the figure shows higher amount or equivalent 300,000,000 kip (LAK 300,000,000) the reporting entities must perform as following:

1. Undertake the CDD measure as specified in article 18 of this agreement;
2. To verify the business relationship or transaction while servicing or when the end of the service and if suspicion occur then reporting entities must submit STR to AMLIO immediately.

The above data collection must ensure the completeness of the data to provide evidence to relevant competent authorities when deemed necessary or relevant to criminal proceedings.

Article 29 Customer Due Diligence Measure for Existing Customer

The reporting entities must consider taking the measure on customer due diligence as specified in article 18 of this Decision to existing customer in appropriate time on the basic of the significant and the level of customer's risk by taking into account the consistency and sufficiency of information received previously and the time at which the information was sufficiently received.

Article 30 Incomplete Customer Due Diligence Measure

In case reporting entities is unable to take CDD measure for the new and existing customer, beneficial owner, and any authorized natural person representative, reporting entities must implement as follow:

1. Do not open the account, do not establishing business relationship or perform the transaction; including terminate the business relationship;
2. Consider as STR on ML/TF in relations to the customer.

Article 31 Customer Due Diligence Measure for Correspondent Bank

In case of the reporting entities have established the business relationship with the correspondent banking or other similar relationships, the reporting entities must be required to perform as article 23 of the AML/CFT Law and also required to perform as following:

1. Access to internal regulations on AML/CFT of related institution which business relations are established;
2. Permission must be obtained from the senior management before establishing a business relationship;
3. Have a clear understanding of the responsibilities on AML/CFT of each institution which have business relationships with;

For reporting entities that are correspondent bank or have other similar relationships, must comply with paragraph 1 of this article.

In cases if customers are allowed to access directly to correspondent bank (payable-through account), the reporting entity must ensure that the financial institution which has a business relationship has implemented the following measures:

1. has performed CDD obligations on its customers that have direct access to the account of the correspondent bank;
2. Is able to provide relevant CDD information upon request to the correspondent bank.

Article 32 (Amended) Enhanced Due Diligence Measures for High-Risk Jurisdiction

Reporting entities must be required to apply counter-measures where the enhanced CDD set out in article 21 of this Decision to customers come from designated countries high-risk Jurisdictions subject to a Call for Action (black-list) and jurisdictions under Financial Action Task Force (FATF) increased monitoring (grey-list) in a manner of consistency and appropriately to the risks, nature or pattern of business relationships or transactions of customers who are natural persons, legal persons or business entities providing financial services" from high-risk countries as determined by the FATF. In addition, the reporting entities must apply appropriate measures called by FATF to do so and as notification of AMLIO or its risk assessment result.

The reporting entities must also monitor in a regular manner and promptly implement measure over the situation in timely manner to designed listing and outstanding issues in the field of AML/CFT of at risk jurisdiction including the designation of such jurisdictions as high-risk in their internal risk assessment.

Article 33 Timing of Verification

Reporting entities must be required to verify the identity of the customer, beneficial owner and a person authorized to conduct a transaction on behalf of another person before or during the course of establishing a business relationship or conducting occasional transactions or upon establishment of business relationship (in the case of an existing customer whose information needs to be reviewed and updated) such implementation must ensure the following:

1. Verification is to completed as quickly as possible;
2. Does not impede business operations;
3. Ensures effective risk management of money laundering and terrorist financing.

Reporting entities must implement RBA procedures in accordance with conditions of customer's business relationship prior to verification.

Article 34 (Amended) Record Keeping

Reporting entities must record and retain all customer data at least 10 years from the date of completion of the transaction or the termination of the business relationship with the customer, as stipulated in article 25 of the Law on AML/CFT, No. 64/NA, dated 01 July 2024. As well as ensure that such data is kept up to date and is readily available for the AMLIO and relevant competent authorities upon request.

Section 5
On-Going Monitoring, Service Product Prohibitions and Tipping-Off

Article 35 (Amended) On-going Monitoring

The reporting entities must reconsider the previous used of CDD measure was sufficiently received or comprehensively in terms of information or not, and must revise information, document or evidence identification and transection of customer that the reporting entities currently obtains, including low-risk and high-risk customers on ML/FT to ensure that such information is correct and consistent with each customer in each period as following:

1. To detect suspicious transactions report;
2. To ensure the information, documents or evidences of customers identification, beneficial owners' information, and the purpose and nature of the business relationship are currently and up to date;
3. To re-assess the customer-risk based on their transactions and activities;
4. To inspect the transactions and activities of customers are consistent with information and risk assessment.

The reporting entities must establish the on-going monitoring procedure relating the activities of transactions of the customer that used to report STR to AMLIO when such customer conduct transactions in which appear to have suspicious transaction that might related to ML/TF again, the reporting entities must consider to make a new STR to AMLIO.

Article 36 (Amended) Prohibited Service Products

The reporting entities must be prohibited to serve, transactions or create business relationships with customers who hide their real family name, use fictitious names or alias name, have an information or with unclear histories and prohibited open a numbered account and anonymous accounts and issuance of electronic ID cards or account opening service that allow customers to permits others to operate the account illegally.

Article 37 (Amended) Tipping-Off

It is forbidden for related employees, managers, executive, directors, board of directors, management assembly and those related to AMLCFT to disclose or have behavior or actions or through other methods which will make the customer aware that he/she is now being applied by CDD or there has been request for information from investigative authorities or AMLIO or has

been reporting on STR or any reporting of information on that customer to the AMLIO. These provisions are not intended to inhibit information sharing among members of a corporate and financial group.

In cases where reporting entities undertaking CDD measure over that customer in which reasonably believing such performing process will tip-off that customer, they should be permitted not to pursue the CDD process, and instead must be required to file an STR and submit it to AMLIO.

Section 6
Specific Measures

Article 38 (Amended) Stalling the Transaction

Beside the enforcement of provisional measures as defined in article 28 of AML/CFT law, the reporting entities may consider establishing consistency to its business also when on boarding or before establishing the business relationship or providing service in order for stalling the transaction that believe of being involved ML/TF activities and in the case of obtain notification as defined in article 39 (implementing rules on the Withholding, Freezing or Seizure of Funds) of this Decisionas following:

- Add more procedure when conducting actual relationship business or service;
- Postpone transactions by giving customer the excuse that there's some issue with the system or insufficient amount to conduct service;
- Recommend customer to use another branches or head quarter office;
- Require more related and necessary documents;
- Apply the specific form for that customer;
- Other methods as appropriate.

During or after conducting the measures under the paragraph 1 of this article, the reporting entities must report immediately to AMLIO.

Applying any measure in paragraph 1 of this article, the reporting entities must ensure that is not tipping-off as defined in Article 37 of this agreement.

Article 39 The implementing rules on the Withholding, Freezing or Seizure of Funds

Reporting entities must check on a regular basis and up to updates for the sanctions lists of international organization and relevant organization's websites as follow:

1. https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list/summaries
2. https://www.un.org/securitycouncil/sanctions/1988;
3. https://www.un.org/securitycouncil/sanctions/1988/materials/summaries
4. https://www.un.org/securitycouncil/sanctions/1718/materials
5. https://www.un.org/securitycouncil/content/2231/background
6. http://amlio.gov.la/eng/index.php

The reporting entities must review the customers on regular basis, in case there is customers, beneficial owners or authorized natural person are met on the sanction lists as above- mentioned, the

reporting entities must reject or terminate the business relationships or transactions, including attempted transaction and withhold funds or assets of that customers, at the same time they must make a report immediately to the ministry of public security and AMLI

In cases where the reporting entity has identified a name as specified on the website above and has frozen or withhold funds or assets, but is notified by the Ministry of Public Security or the AMLIO that the name is not listed on the blacklist of an international organization, the reporting entity must unfreeze such funds or assets and allow transactions to proceed as authorized by the Ministry of Public Security or AMLIO.

In case the Ministry of Public Security or AMLIO has notified on de-listing of the sanctions of international organization, the report entities must be unfreezing such fund or assets and resume a regular service.

Article 40 Freezing the Account's Customers

Reporting entities must withhold and freeze money or fund of its customer who has deposit accounts open with its bank immediately without prior notice to the customer, beneficial owners or authorized natural person representative as specified in article 39 of the Decision or receive notification from the AMLIO and relevant authorities.

Section 7
Final Provisions.

Article 41 Protection

Employees and related competent authorities shall receive protections as specified in article 6 of the Law on AML/CFT (amended) or other related laws.

Article 42 Violations Measure

Reporting entities who have not carried out their obligations as specified in this Decision will obtain an administrative measure as specified in relevant law and associated regulations.

Article 43 Implementation

It is granted to reporting entities supervisor to take a action in monitoring and inspecting, as well as put in place guideline, notification or other regulation to reporting entities with strictly implementation.

It is granted to the reporting entities to implement this Decision strictly.

Article 44 Effectiveness

This Decision is entered into force from the date of signature onward.

This Decision replaces the Decision on know your customer and customer due diligence No.10/NCC, dated 25 August 2021.

Chairman of The National Committee for Anti-Money Laundering and Counter-Financing of Terrorism

[Saleumxay Kommasith]